

U.S. Horticultural Trade Under the Central American- Dominican Republic Free Trade Agreement

**USDA
Foreign Agricultural Service
Horticultural & Tropical Products Division**

Central American-Dominican Republic Free Trade Agreement (CAFTA-DR)

- **Initial negotiations concluded on January 25, 2004**
- **Included five countries:**
 - **Costa Rica**
 - **El Salvador**
 - **Guatemala**
 - **Honduras**
 - **Nicaragua**
- **On March 15, 2004, the U.S. & Dominican Republic concluded trade talks integrating the Dominican Republic into CAFTA**
- **On August 2, 2005, President George Bush signed CAFTA-DR following approval by U.S. Congress**
- **U.S. *gains* eventual duty-free, quota-free access on essentially all products into CAFTA countries and the Dominican Republic**

Central American-Dominican Republic Free Trade Agreement (CAFTA-DR)

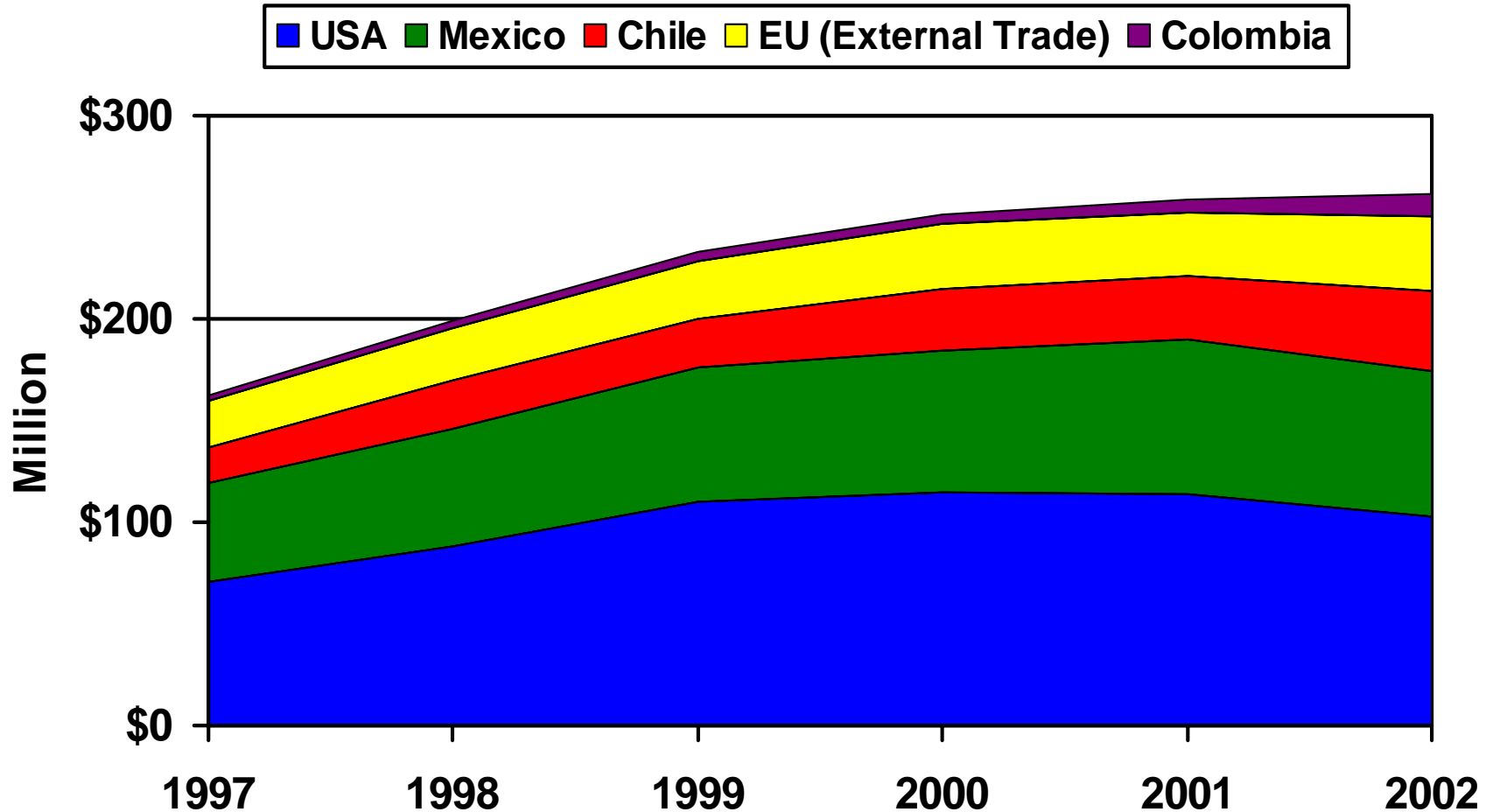
- **CAFTA-DR countries *maintain* and lock-in current duty-free treatment extended under the Caribbean Basin Initiative**
- **The average allowed tariff on agricultural products is 45 percent in CAFTA countries and the DR. However, over 99 percent of agricultural imports from Central America (on a trade-weighted basis) enter the United States duty-free under MFN tariffs and CBI preferences.**
- **Removing trade barriers between the United States and the CAFTA-DR countries will create important new export opportunities for U.S. farmers, ranchers, and processors.**
- **CAFTA-DR countries comprise over 40 million consumers with per capita annual incomes ranging from nearly \$2,000 to over \$8,500. This represents a significant growth market for U.S. producers.**

Agricultural Exports to Central America and the Dominican Republic

- **U.S. agricultural exports to CAFTA-DR countries totaled over \$1.7 billion in 2004, of which horticultural exports totaled \$157 million.**
- **The average allowed tariff for the CAFTA-DR countries under their WTO commitments are:**
 - 42% in Costa Rica
 - 41% in El Salvador
 - 49% in Guatemala
 - 35% in Honduras
 - 60% in Nicaragua
 - 40% in the Dominican Republic
- **Eliminating these tariffs will create, in many cases, preferences for U.S. exporters over third-country suppliers.**

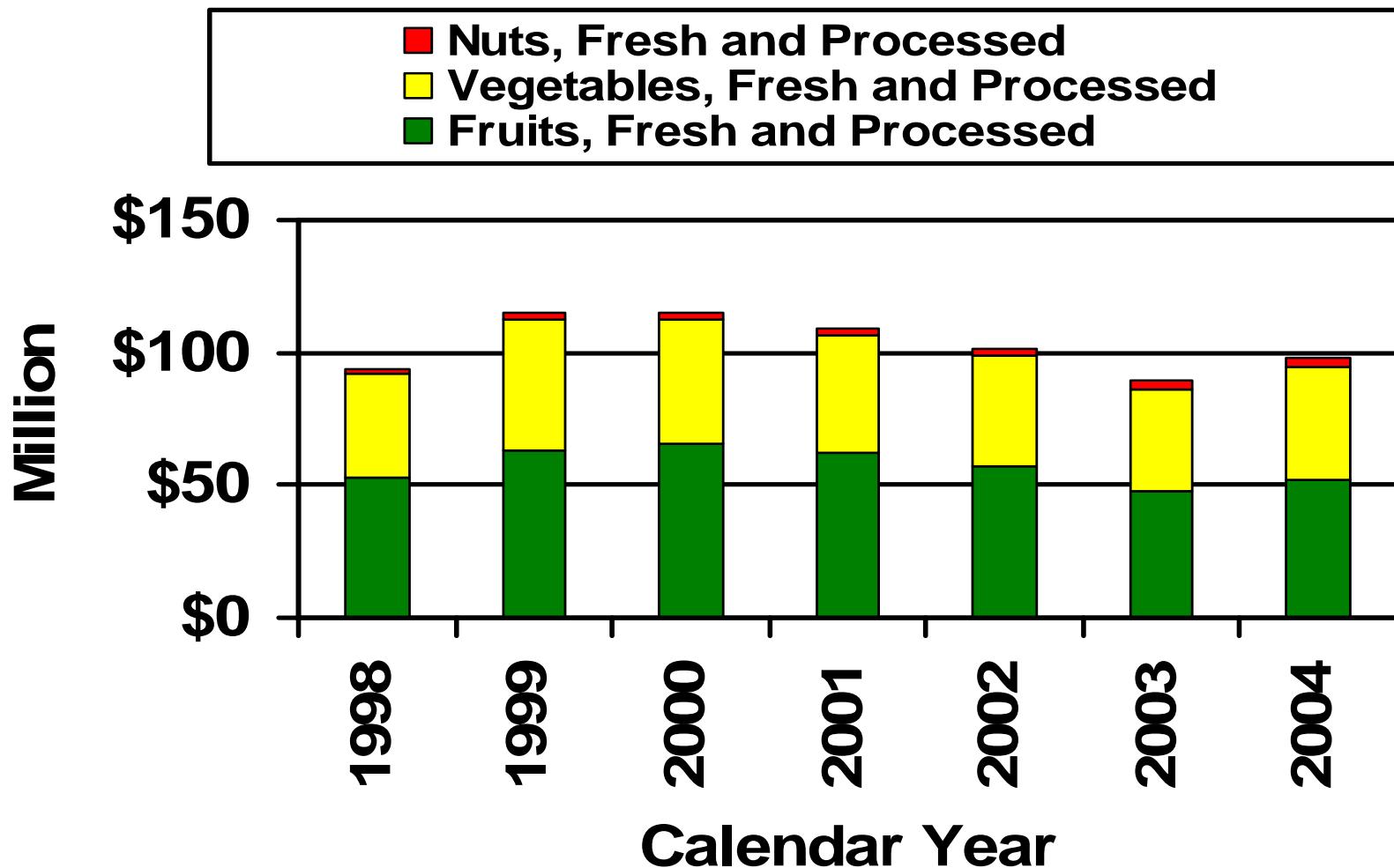
Source: www.ustr.gov

Horticultural Exports to Central America and the Dominican Republic by Major Suppliers



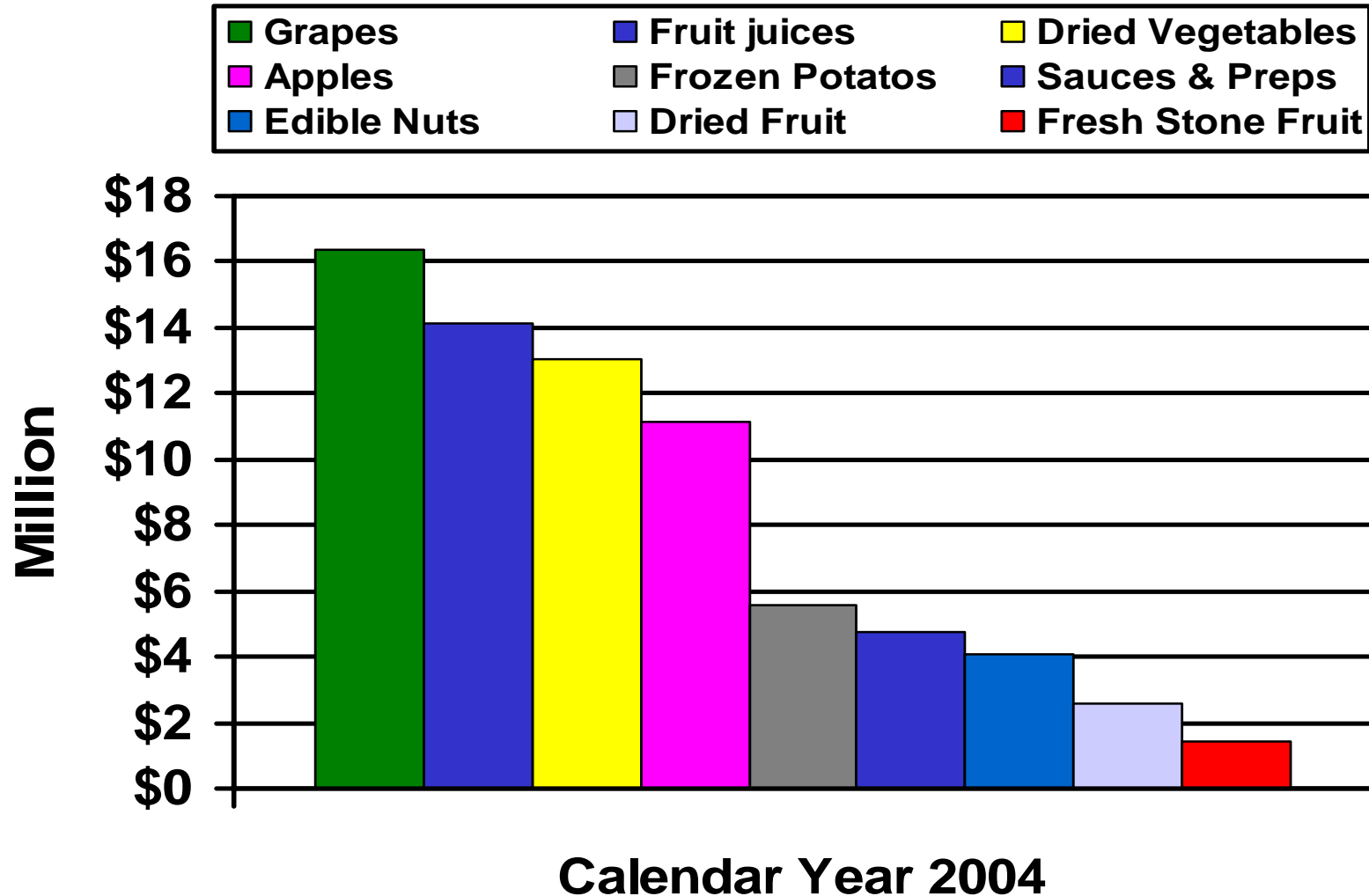
Horticultural Trade Includes: Vegetables, Fruits, Nuts, Essential Oils, Nursery Products, Cut Flowers, Vegetables, Fruits, Nuts, Essential Oils, Nursery Products, Cut Flowers, Wine and Beer.
Source: Global Trade Atlas

U.S. Exports of Fruits, Vegetables and Nuts to Central America and the Dominican Republic



Source: Bureau of the Census, DOC

Top U.S. Exports of Fruits, Vegetables, and Nuts to Central America and the Dominican Republic



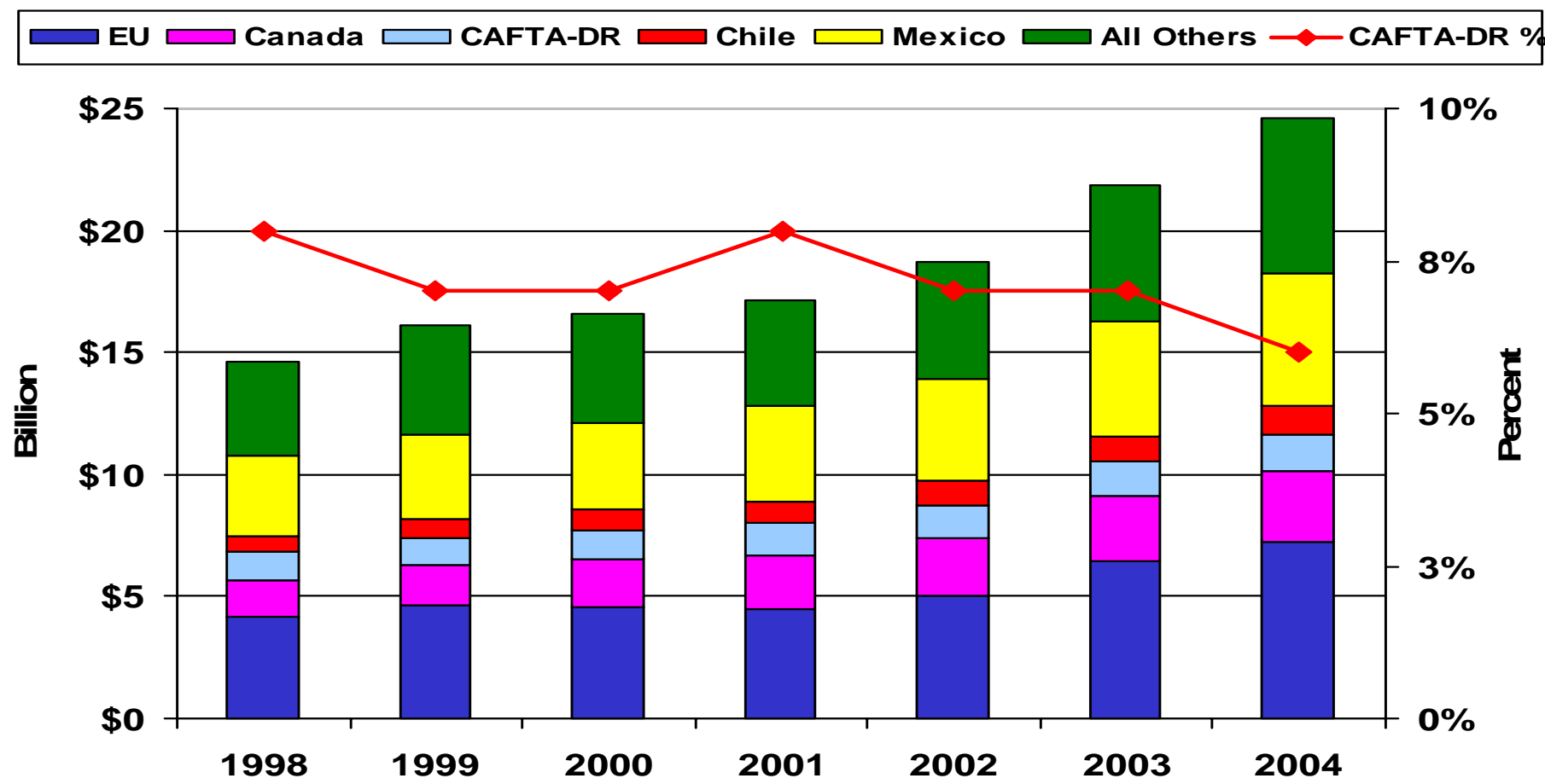
Source: Bureau of the Census, DOC

Agricultural Imports from Central America and the Dominican Republic

- **Over 99 percent of agricultural imports from CAFTA-DR Countries (on a trade-weighted basis) enter the United States duty-free under MFN tariffs and CBI preferences.**
- **The United States imported approximately \$2.5 billion in agricultural products from CAFTA-DR Countries in 2004.**
- **The vast majority of these imports constitute non-competitive crops, such as coffee and tropical fruits.**
- **Horticultural product imports from CAFTA-DR Countries averaged \$1.42 billion over the past three years.**

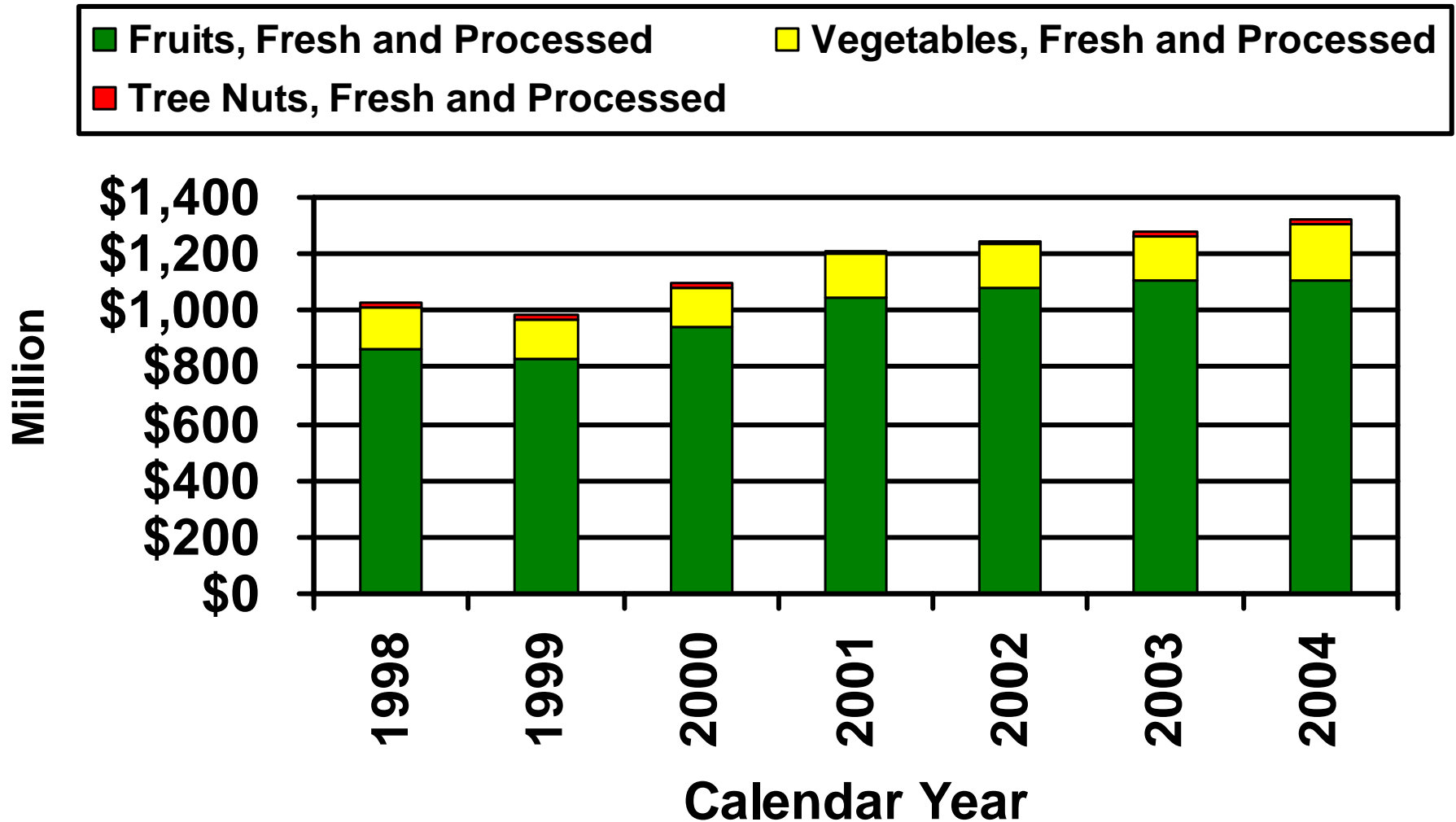
Source: www.ustr.gov

CAFTA-DR Share of U.S. Horticultural Imports



Source: Bureau of the Census, DOC
Horticultural Trade Includes: Vegetables, Fruits, Nuts, Essential Oils, Nursery Products, Cut Flowers, Vegetables, Fruits, Nuts, Essential Oils, Nursery Products, Cut Flowers, Wine and Beer.

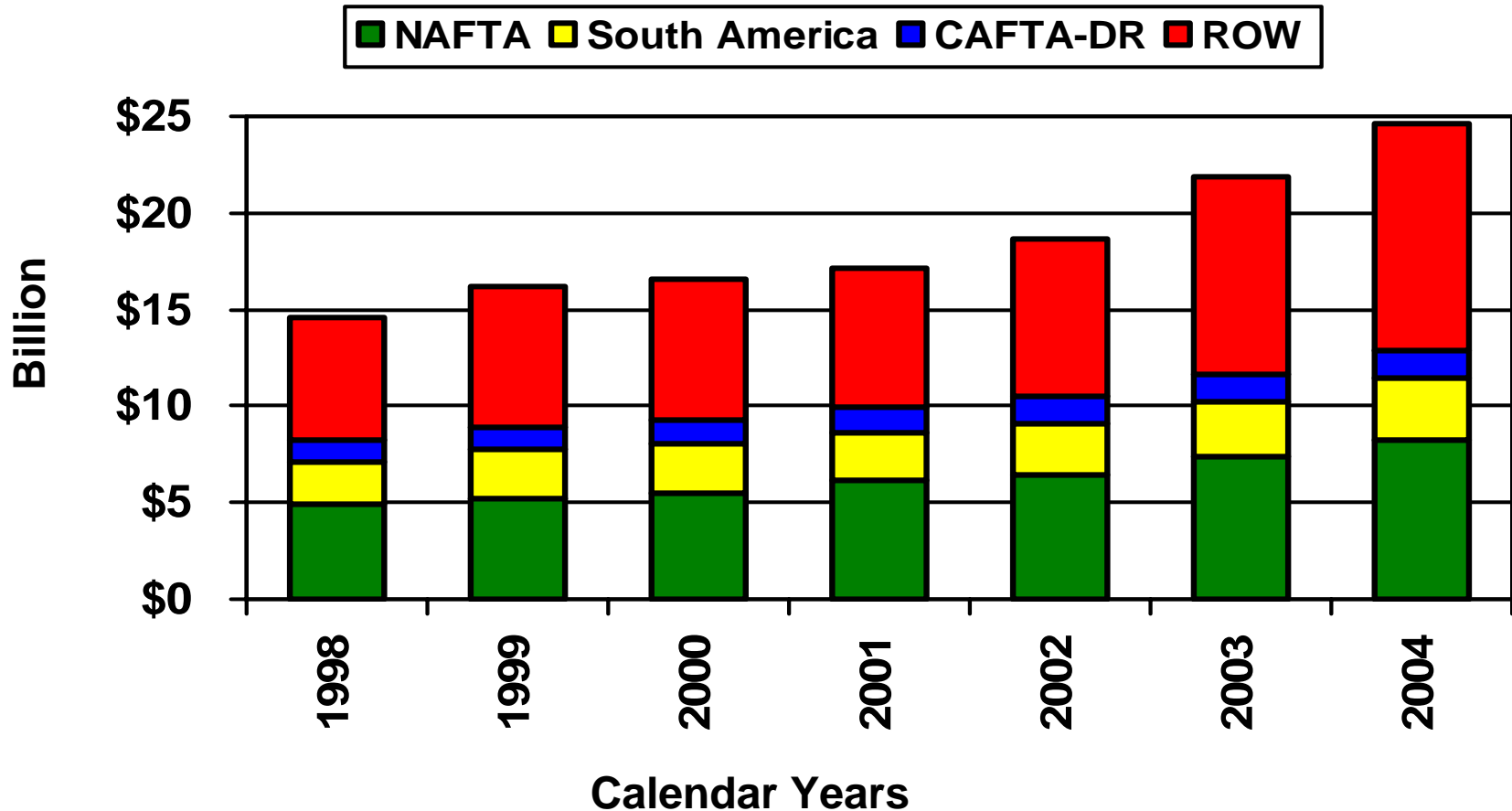
U.S. Imports of Fruits, Vegetables, and Tree Nuts from Central America and the Dominican Republic



Source: Bureau of the Census, DOC

U.S. Horticultural Imports

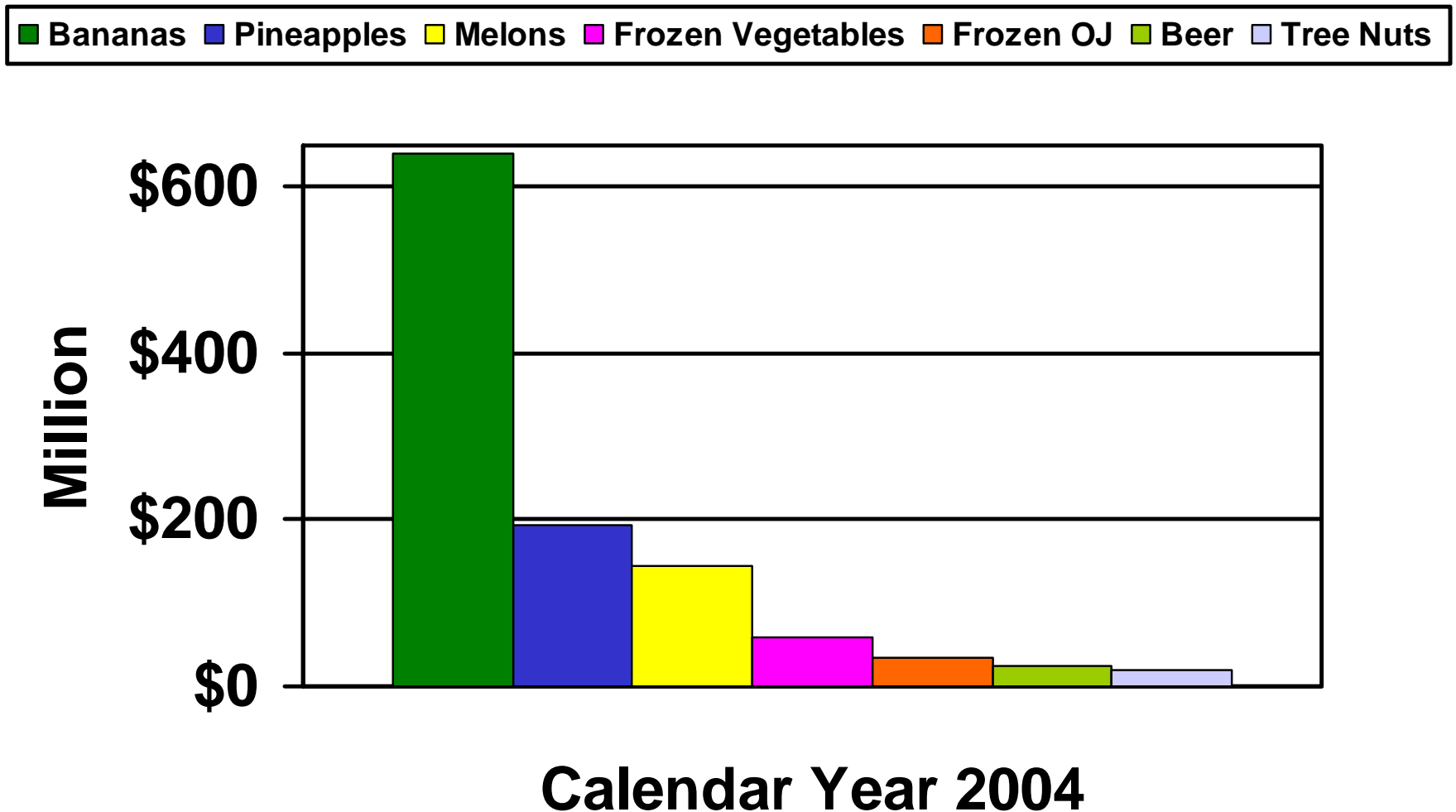
Western Hemisphere Trading Blocks



Source: Bureau of the Census, DOC

Note: ROW is an abbreviation for Rest of the World

Top U.S. Horticultural Imports from Central America and the Dominican Republic



Source: Bureau of the Census, DOC